

**Agency: Commerce, Community and Economic Development****Grants to Municipalities (AS 37.05.315)****Grant Recipient: Homer****Federal Tax ID: 92-0030963****Project Title:****Project Type: Planning and Research**

# Homer - New Large Vessel Harbor: Matching Funds for Army Corps of Engineers General Investigation

**State Funding Requested: \$750,000****House District: 31 / P**

Future Funding May Be Requested

**Brief Project Description:**

This project will complete a General Investigation Feasibility Study (GI) in preparation for dredging and constructing a new large vessel port facility to the north of Homer's existing small boat harbor.

**Funding Plan:**

Total Project Cost:	\$3,000,000
Funding Already Secured:	(\$750,000)
FY2023 State Funding Request:	(\$750,000)
Project Deficit:	\$1,500,000

*Funding Details:*

Homer and the Corps of Engineers completed a \$100,000 preliminary feasibility study in 2018. Positive results led the Corps to recommend completing a \$3 million GI and renewing the 2009 State partnership for technical expertise and 25% funding. Ord 20-06 secured \$750,000 for the City's 25% share. The project is in the Corps' 2022 work plan and Alaska's Federal delegation identified funds in an IIJA appropriation for the Corps 50% share.

**Detailed Project Description and Justification:**

This project will complete a General Investigation, a pre-development requirement for constructing a new multi-modal port facility for large vessels to the north of Homer's existing small boat harbor. The General Investigation (GI) provides the project a definitive Benefit to Cost ratio, design alternatives, cost estimates and is required by the US Army Corps of Engineers (ACOE) to procure Federal funds for construction. Amenities under consideration in the GI study include 60-100 large vessel slips for home port and transit vessels, a commercial barge loading ramp, vessel haul-out facilities, fueling facilities, loading dock, and secure homeport and layover accommodations for US Coast Guard assets.

A natural underwater shelf and local source of rock makes construction of a dedicated large vessel basin very feasible. Homer's central, road-connected location, renowned marine trades industry and ice-free conditions make it an ideal location. It also provides a much needed strategic economic development initiative for our region and State which will positively impact the lives and livelihoods of countless Alaskans through job creation, economic development and benefit national security interests well into the future.

Presently, industry demand far exceeds Homer harbor's capacity. Homer's fishing fleet grew by more than 42% between 2008 and 2018. Vessels with overall lengths exceeding Homer's largest stall size doubled between 2008 and 2018. Currently more than 1,400 vessels moor at the harbor. Forty large vessels with overall lengths exceeding 85 feet are rafted

two to three deep to transient floats, leaving 1,400 vessels assigned to 888 stalls with another 416 vessels on a waitlist.

Due to shortage of moorage space and high demand, many large vessels are turned away and have to travel to the Lower-48 to overwinter and complete maintenance. This comes with significant operating costs for Alaska's marine industrial fleet, and an estimated \$2.75 million in regional job losses annually. Providing needed layover, provision, maintenance and over-winter options to marine industrial vessels will capture an estimated \$3.5 million lost annually.

Rafting large vessels two and three abreast also causes costly travel delays for the fleet and increased maintenance and repair costs for the harbor systems that are working beyond capacity. Travel lanes are constricted and traffic is congested which presents navigational hazards, especially when small private boats are sharing tight travel lanes.

Port expansion will meet market demands of the marine industrial transportation sector, address navigational hazards and capture economic opportunities currently being lost while simultaneously advancing Alaska's (and the nation's) competitive position. It will:

- Reduce transportation costs and significant economic losses for Alaska related to vessels having to travel to lower-48 ports to seek moorage and annual maintenance;
- Increase regional economic activities, particularly in the marine trades and business support sectors;
- Provide a port of refuge for vessels transiting the Gulf of Alaska, Cook Inlet and Kennedy Entrance;
- Reduce float, dock and vessel damages due to collisions and congestion in the small boat harbor; and
- Improve access for recreational activities. Currently the harbor supports over 50 charter companies that operate one of the largest fleets in the State and 100,000 anglers annually, the largest population for a coastal location in Alaska.

This initiative supports and advances national security interests, particularly by accommodating layover, repair and provisioning needs of US Coast Guard ships deployed under the Arctic Security mission.

The Port of Homer is a transportation hub to all non-road connected communities in the South Central and Western Alaska and this new facility will enhance growth and stability in that sector. The port can also be designed to serve as a road-connected backup port for marine transportation & deliveries critical for Alaska's resilience and recovery in the event a major disaster disables the Port of Alaska.

Now is the time for the State to rejoin our partnership to advance Alaska's competitive position so that we don't continue to miss the boat economically. According to a preliminary feasibility study completed by the ACOE and the City of Homer in 2019, if this project is not completed, Alaska will continue to lose out. Over a 50-year period, the adverse economic impacts of doing nothing carries a present value of \$93 million.

The work that was completed in the preliminary study proved to Homer and USACE that the completed the GI will produce a project competitive on a national level for construction funding of this critical port expansion project. We are asking the State to resume its 25% partnership in this project with a capital budget funding commitment of \$750,000.

**Project Timeline:**

The GI can be initiated in 2022 and will be completed within three fiscal years (FY22-FY24). The \$750,000 State share would be expended over the course of the three-year study. Once the GI is completed the next step is construction with cost estimate of \$150,000,000 shared at 80% Federal/20% local. The City of Homer is also requesting \$30,000,000 be dedicated in any State-initiated general obligation infrastructure bond for the Homer project.

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of Homer

**Grant Recipient Contact Information:**

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Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No